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CIA DENOUNCES ABC NEWS REPORT  
WASHINGTON

The CIA on Wednesday sharply denied an allegation carried by ABC News that the spy agency engaged in a plot to kill Honolulu investment counselor Ronald Rewald, who claims his failed company was a CIA front.

In a rare public statement, the CIA declared that "the allegations are totally false. ...As ABC knows, the CIA along with the rest of the U.S. government is prohibited by law from engaging in or contemplating assassination."

The CIA asked that ABC News retract its reports on the Rewald case that were broadcast Sept. 19 and 20. Rewald is facing charges that he defrauded investors in his investment counseling firm of millions of dollars.

In response to the CIA statement, ABC News spokeswoman Joanna Bistany said, "We stand by our story." She added that ABC News "never accused the CIA of attempting an assassination," but only reported what was alleged by Rewald and Scott Barnes, who is described by ABC News as having an "extensive intelligence background."

In its Sept. 20 report, ABC News quoted Barnes as saying he took a job as a prison guard in the Honolulu jail where Rewald is being held on fraud charges.

Barnes said he was told by his CIA contact that "we've got to take him (Rewald) out. ...You know, kill him," an assignment Barnes said he refused. ABC News did not identify Barnes' alleged CIA contact. The CIA said Wednesday that Barnes was inventing the story.

The CIA has acknowledged using Rewald's firm, Bishop, Baldwin, Rewald, Dillingham and Wong, as a mail drop, but denies that the agency was involved in creation of the company or in handling investors' funds.

Rewald and a group of investors have sued the CIA for \$671 million for damages related to the collapse of the firm.

On Wednesday, the CIA also denied "other improper activities" alleged in the ABC News report, but declined to specify to which allegations it was referring. Besides the assassination accusation, the ABC News report contends that Rewald's company helped arrange "secret shipments of military hardware to countries like Syria, India and Taiwan."

Ms. Bistany said ABC News agreed this week to run two sentences from a 171-word CIA statement denouncing the report, but that the agency insisted the entire statement be carried.

She also said that during preparation of the reports, ABC News repeatedly requested interviews with CIA officials so they "could get out their side of the story, and they refused."